

साँझा प्रयास,  
साँझी प्रगति

Strive together,  
Thrive together



# A to Z of Policy Servicing

# Basic Policy Servicing Functions

1. Revival
2. Alteration
  - Mode Alteration
  - Reduction in Term/ SA
  - Name, Address Change
  - Inclusion of AB/ Riders
3. Transfer of Policy Masters
4. Duplicate policy
5. Nomination
6. Assignment
7. Loan
8. Surrender

# PS Functions that can be done anywhere

- Revival with certain exceptions
- Address change
- PAN Registration
- NEFT Registration
- Nomination

# Grace Period

- One month not less than 30 days for policies issued prior to 1|2|2020
- For all policies issued after 1|2|20, only 30 days will be allowed as grace period.
- Payment after grace period will be treated as revival and this assumes importance especially while considering death claims due to suicide and admission of rider claims even during claim concession period.

# Types of Revival

- Ordinary Revival
- Special Revival
- Instalment Revival
- SB Cum Revival
- Loan Cum Revival

Special Revival is not permitted for plans introduced after 1|1|2014.  
CO|CRM|1012|23 dated 17|3|2016



# General Revival Rules

## Revival without DGH + Arrears of premium and Interest

1. Arrears paid within 6 months of FUP  
except plan 160,164, 177, 190, 822, 823, 825, 847, ULIP and Health plans
2. Premium paid for 5 years and Revival within 1 year  
except 94, 111, 150, 153, 164, 177, 190, 822, 823, 825, 847 etc.
3. Last year of maturity- Endowment policies
4. Auto cover period
5. Anmol and Amulya Jeevan policies within 60 days from FUP

# Revival on the strength of DGH upto 60 years

1. If Premium is paid for at least 10 years or half the PPT whichever is more and Revival within 12- 18 months of FUP
2. Last year of Maturity- for Money back plans
3. 12- 24 months before date of maturity for endowment plans.

For plan 847, upto 6 months from FUP only DGH is required

# Rules for Special Reports

- O/S term on revival 10 years or more – Reports as per NB u|w chart
- O/S term 6- 9 years, sum to be revived will be half the actual
- If O/S term less than 5 years- No special reports

Validity of FMR and Special Reports -1 year for standard life and 6 months for Substandard life.

For Elisa for HIV- 6 months for std lives and 3 months for sub std lives.

DGH- 3 months for all



## Recent changes in Revival

- ☐ Revival period extended to 5 years for all non- linked plans
- ☐ Health and ULIP 3 years
- ☐ Revival after PPT allowed but not after policy term  
plan 149 & 178 can not be revived after PPT
- ☐ Revival in the last year of maturity for Endowment policies, lapsed  
for more than 5 years & SA up to 5 lakhs- Decision at branch level

# Revised Revival Guidelines in view of spread of COVID-19

## **Non Residents :**

Allowed only if he is in India at the time of revival

Revival on the strength of evidence of health from any foreign country to be postponed till 31|3|2021

If LA is a permanent/ temporary resident of any foreign country other than China/Hong Kong/Singapore/Bahrain/Qatar/Kuwait/Oman &KSA :  
Postpone till 30|9|2020

If residing in any of the above countries and are present in India can be considered subject to:

1. Reply to all questions of COVID-19 questionnaire found satisfactory
2. Fitness certificate from practicing physician that LA has no symptoms of COVID-19 and found satisfactory by DMR|ZMR|MO
3. Only standard lives, except EMR due to build upto +75 can be considered.
4. Not allowed under non medical

## **Resident Indians**

**A.** Who have history of foreign travel:

After 30 days of first port of entry in India subject to:

1. All answers to COVID-19 questionnaire found satisfactory
2. Fitness certificate from practicing physician that LA has no symptoms of COVID-19 and found satisfactory by DMR|ZMR|MO
3. He has no further plans to visit any foreign country till 31|12|2020

If he has plans to travel abroad prior to 31|12|2020:

Postpone till date of return to India

After postponement as A above

**B.** If LA has served a notice of quarantine in any form imposed by local authorities:

Postpone till completion of period of quarantine/ observation/ home isolation

After postponement on the basis of

- All investigation/ screening reports if any
- Letter if any issued for the same
- All investigation reports post quarantine
- Fitness certificate from physician that the person has no symptoms of COVID-19 and found satisfactory by DMR

**C.** If history of travel from one state to another:

As B above

**D.** If LA is frontline worker such as doctor, nurse, health worker, pharmacist, police personnel etc in the fight against COVID-19 and in quarantine/ home isolation or was ever tested for COVID-19:

- If not affected with COVID-19: Normal revival
- If under quarantine: as B above
- If COVID positive: postpone for three months after that call for all investigation reports, fresh COVID questionnaire, discharge summary and refer to DO



# Non-forfeiture regulations

1. Claim Concession
  2. Extended Claim Concession
  3. Chairman's relaxation rule
  4. SSS Ex-gratia payment
- For policies issued after 1 | 1 | 2014, Chairman's relaxation rule 1987 will not be extended
  - SSS Ex-gratia allowed subject to the merit of each case

# Duplicate Policy

## Requirements :

1. Request letter from LA
2. Notarised identity bond of applicable stamp value
3. Identity proof having DOB & Address proof
4. Query form signed by LA
5. Requisite Fee

Only single indemnity bond required for multiple policies serviced by same branch or different branches in the same state

# Nomination

Right conferred by Sec 39 of Insurance Act 1938

Anywhere Nomination: (wef 29|5|19)

Policy holder 'in person' needs to submit

1. Form and Notice of nomination
2. Original policy bond
3. KYC documents
4. Fees wherever applicable

Contact details also required

Nomination subject to EDMS image availability

# Beneficiary Nominee

1. Parents
2. Spouse
3. Children

Individually or Jointly

If beneficiary nominee dies after death of LA, but before receiving claim then amount shall be paid to the heirs or legal representatives of beneficiary nominee

# Fee for nomination

Rs 50+ GST for policies issued in electronic form

Rs 100+ GST for policies issued in other forms

Fee not payable:

- First nomination
- Change of nomination after death of existing nominee
- First change of nomination where sum assured is equal to or below 75000



# Assignment

Section 38 of Insurance Act 1938 governs Assignment

## Types of Assignment

### Absolute

For valuable consideration

Absolute assignee can deal  
With the policy in any manner

### Conditional

Generally out of love and affection

Policy will revert to life assured on  
his surviving the DOM or upon the  
death of Assignee.

# Insurance Law (Amendment) Act 2015 allows

1. Assignment of a policy in part
2. Assignment shall affect the rights of nominee to the extent of the interest of the assignee
3. When re-assigned, nomination will be revived automatically.

# Alterations

## Types of Alterations

1. Change in name and address
2. Alterations in mode of payment
3. Reduction of term, sum assured
4. Inclusion of riders
5. Removal/ Inclusion of extra premium

# Conditions for Alterations

- ❖ Policy should be in force
- ❖ After alteration tabular premium rate (not instalment premium) is not lower than the original one
- ❖ Life assured is less than 70 years of age
- ❖ Increase in term and premium paying term not allowed
- ❖ Increase in sum assured not allowed
- ❖ In alterations of plans, only from without profit to with profit is allowed

- ❖ Alteration fee is Rs 50+ GST
- ❖ For mode change to higher frequency, fee not required
- ❖ No fee for imposition/ reduction or removal of extra premium
- ❖ No fee for inclusion of AB when child becomes a major
- ❖ First alteration in policies of CEIS cases

For new policies, among riders AB & ADDB can be included after inception provided o/s PPT is at least 5 years

CIR and Term rider from inception only

PWB inclusion for children's policies and also for plan 914,936,945 & 948 on the life of proposer is allowed after inception.

Mode alteration, SA reduction allowed



# Requirements for reduction in SA

1. Request as well as consent letter of LA
2. Surrender Value discharge form for SV on dropped sum assured
3. Alteration fee of Rs 50+ GST

For policies issued after 1|1|2014, reduction in sum assured is allowed provided sum assured after reduction is not below the minimum allowed under the plan.

# Policy Loan

Minimum loan amount Rs 1000

Minimum repayment amount: no restriction

**Online loan: If the PH is registered for premier services in our portal, he can submit online request for loan and provide all documents at the nearest office.**

## Method of charging interest

If broken period interest and 2 half yearly instalments are in arrears and the same is not paid within the days of grace of 2<sup>nd</sup> half yearly instalment, interest will be at compounding rates.

( current rate of interest is 9.5%)

# Loan repayment within 6 months

Minimum 6 months interest payable

However if this is more than 2000, life assured needs to pay higher of:

1. Interest for 2 months
2. Actual days' interest
3. Rs 2000

This is applicable for surrender as well as discounted claims

# Foreclosure

Automatic foreclosure when the difference between SV and loan and loan interest will be equal to or less than Rs 250

Reinstatement of foreclosed policy at the request of LA provided:

1. Balance SV has not been paid off
2. Payment of up to date outstanding and accrued loan interest
3. Evidence of good health as the case may be
4. Request is received before expiry of a period of 5 years from due date of 1<sup>st</sup> unpaid instalment of loan

# Surrender

Surrender is allowed when policy has acquired paid up value.

Policies issued after 1/2/2020 will acquire paid up value if 2 years premia are paid, except 947 for which PV will acquire on completion of one full year provided premium for one full year is paid.

All policies issued prior to the above date, will acquire paid up value only if 3 years premium are paid

Except:

For plan 848, if 2 years premia are paid

For plan 847, when 1 full year premium is paid



# Surrender of IPP Policies

**Jeevan Shanti:** After completion of 3 months from DOC or after expiry of freelook period whichever is later for:

Immediate annuity option F&J

Deferred annuity option 1&2

**Jeevan Akshay VI( DOC after 15|5|12) & modified Jeevan AkshayVI:**

For annuity option F if:

- Annuitant is diagnosed as suffering from certain critical illnesses or
- Annuitant is shifting to another country permanently

**Pradhan Mantri Vaya Vandana Yojna(856):**

98% of purchase price as SV only for treatment of critical illness or terminal illness of self and spouse

# Surrender of IPP Policies

(contd.)

- Surrender before vesting of IPP policies as per plan conditions( not allowed for 114, 803, 812, 818)
- Surrender after vesting for plans 97, 115, 144, 146, 163, 170, 176, 183 and 189 issued upto 15|5|2012 will be allowed for option F
- Surrender of plan 189 with DOC after 15|5|2012, option F, allowed for treatment of CI only
- Deferred annuity plans (147, 148, 169, 172, 189, 191) vested upto 23|8|19 and converted to annuity option F, surrender will be allowed for treatment of CI only
- Deferred annuity plans 803, 812, 818 vested during 16|5|12 to 23|8|19 (both inclusive) converted to immediate annuity option F, surrender will be allowed for treatment of CI only

# Surrender of IPP Policies

(contd.)

- Deferred annuity plans( 169, 172, 181, 191, 803, 812, 818 etc) vesting on or after 24|8|19 surrender shall be similar to Jeevan Shanti
- Jeevan Aadhar(114) Jeevan Sarita(117) and Jeevan Vishwas (136) after vesting cannot be surrendered
- Varishta Pension Bima Yojana(161 & 828) surrender before 15 yrs from DOV allowed for treatment of self and spouse only.

## Requirements of surrender due to critical illness

1. Written request for surrender
2. Annuitant's statement regarding CI
3. Medical attendants statement
4. Hospital treatment papers wherever applicable
5. CIR by branch in charge
6. Surrender claim forms, KYC documents, NEFT details
7. Surrender quotation generated through e-feap signed by annuitant

# Surrender reinstatement

Allowed for plans issued prior to 1|1|2014 subject to:

- 1) Request of LA is received within 6 months from the date of surrender
- 2) Servicing charge Rs 100
- 3) Net surrender value paid together with interest @ 9.5 % per annum compounding half yearly from date of payment of SV to date of repayment (Sub to interest for min 6 months)
- 4) Production of satisfactory evidence of health
- 5) If any loan is outstanding at surrender, interest upto last due date prior to re-instatement



## Re-instatement not allowed for:

1. ULIP
2. All annuity plans
3. Plans which provide health benefits like Jeevan Asha, Asha Deep etc
4. Plans providing GA throughout the term of policy
5. Plans providing SB for life like 152, 178
6. Plans having extended coverage like 111, 150, 179, 149 etc
7. Plans where death benefit is higher than maturity like 88, 133, 103, 168 etc
8. Not permissible as per plan conditions like 165

As per CO|CRM|PS|156 dated 4|9|19 re-instatement of surrendered policies and foreclosed policies for plans issued after 1|1|2014 is not allowed

## Income Tax Deduction from insurance claim payments

Sec 10 (10)d of IT Act 1961 exempts any income received from an insurance policy from the purview of income tax.

Payments not exempted:

- Policy where annual premium is more than 20% of the SA if DOC is between 1|4|2003 to 1|4|2012  
OR
- If its annual premium is more than 10% of SA where DOC is on and after 1|4|2012  
(DOC prior to 1|4|2003, no need to deduct tax)
- Annuity pay-outs
- Insurance for disabled dependant

## Income Tax Deduction from insurance claim payments (contd.)

In terms of amendment to Sec 194DA of IT Act 1961, wef 1|9|2019, if policy proceeds are not exempted under section 10(10)D, IT shall be deducted @5%(If PAN is available)of the net income component  
(Currently rate is 3.75%)

However, if aggregate of such payments to the payee during the FY is less than 1 lakh, tax will not be deducted.

## **Income Tax Deduction from insurance claim payments**

### **Non Resident Indians (Sec 195 of IT Act)**

#### **Definition of Non Resident Indian as per IT Act**

An individual will be treated as NRI, if any of the following conditions are met:

Stayed outside India for 120 days or more during the previous FY

OR

Stayed outside India for 365 days or more during the 4 preceding years and stays outside India for at least 60 days during the previous FY pertaining to the date of payment

## Income Tax Deduction from insurance claim payments (contd.)

### Non Resident Indians (Sec 195 of IT Act)

If the policy proceeds are not exempted under Sec 10(10)D then tax at source will be deducted from eligible amount without any threshold limit

Eligible amount will be gross payment being settled under the policy reduced by premium paid during the policy term

Effective rate of tax at source where taxability status shown in India as per DTAA

- a. 30.9% of eligible payment if such payment is less than or equal to 1 crore
- b. 33.99% if such payment is more than 1 crore





# THANK YOU

Presented by Reshmi S Pillai for LUGI